

THE DETAILS

Kentucky Education Technology System

Local Matching Funds

Background

The Kentucky Board of Education and the School Facilities Construction Commission identified district need to access additional sources of local match as a priority when funding for the program was dramatically increased in the 1998/00 Biennial Budget. Offers increased from \$24 per Average Daily Attendance in 1997/98 to \$112 per ADA in 1998/99.

Previous to this amendment, sources of local matching funds were limited to:

- (1) The district's general fund;
- (2) The proceeds of a revenue bond or note that is:
 - (a) Issued on behalf of a district to purchase technology equipment supported by the district's general fund; and
 - (b) To be retired within three (3) years from the date of issuance;
- (3) A vendor or third party lender lease;
- (4) A grant from a private source; or
- (5) Interest earned by a district on a school building construction account, if the interest is not already committed for expenditure on the construction project.

These provisions still exist within the regulation. Districts are advised to contact their representative from the Division of Finance to discuss how items (2), (3), (4) and (5) may apply.

Match from State, Local and Federal Funds Not Otherwise Restricted

Although district options for securing local match were expanded, certain fundamental principles about matching remain intact:

- Funds which are used as KETS EdTech match, regardless of the source of the funds, will reduce the unmet need or refresh existing technology;
- Funds may be escrowed for up to three years and match to draw down those funds may be presented at various times throughout the three years; and,
- Funds which are used as KETS match and therefore become "EdTech funds" may only be used to purchase KETS product standards.

If a school district does not have local matching funds available at the time the School Facilities Construction Commission (SFCC) offer of assistance is received, the district may request that the offer be held in escrow by School Facilities Construction Commission for up to three (3) years from the date of the offer. The district may escrow the entire offer, or a portion of the offer for one, two, or three years. When the district has funds available to match, a corresponding amount of the offer will be released by the SFCC. Districts who are not able to match their entire initial offer will place a portion of their funds in escrow and may use some or all of the strategies outlined below to accumulate additional local match.

State and Local Funds

The regulatory amendment allows districts to identify sources of match from all state and local funds, rather than restricting the match source to the district's general fund.

If the funds are restricted and/or cannot be transferred to fund 162X, the district may qualify documented expenditures for EdTech fundable items as match following the same procedures described below for federal funds.

In all cases, the fact that expenditures from a restricted fund may now qualify as KETS match does not alter the eligible use of the restricted funds. Governing program provisions remain intact.

Federal Funds

Which Federal Funds May Be Used?

Federal funds may be used as a source of local match if the fund in question meets the following criteria:

- The federal grant allows funds to be used for technology expenditures or for professional development which prepares teachers to use technology in the curriculum;
- Funds from the federal program have been budgeted for the technology or relevant professional development use, or the local federal program coordinator has agreed to amend the budget to allow such use; and,
- The funds, as they are used for EdTech expenditures, will benefit any specific beneficiaries noted in the provisions of the federal grant.

Information about which federal funds will allow technology related expenditures can be found in the "Comprehensive Improvement Plan Funding Matrix," a section of the *Consolidated Planning Guidebook*. More specific questions about any individual fund should be directed to the district federal programs coordinator.

The value of federal funds must be returned as EdTech expenditures to any beneficiaries identified by the governing provisions of the grant. "Value" means the federal dollar plus the state dollar. However, districts have discretion when applying this provision to the state portion (and only the state portion) of the matched funds to ensure the unmet need for any particular line item is not exceeded and to retain the equity provisions of KETS.

For example:	If \$5,000 of Title I funds are used as match (to generate \$10,000 total EdTech funds) and those funds were budgeted by Title I for student workstations in particular classrooms, then at least \$5,000 from the federal fund must be spent on student workstations for those classrooms. The remaining \$5,000 should provide direct benefit to the students and teachers in those classrooms but 1) does not have to be spent on exactly the same item and 2) may also benefit additional students and teachers . For instance, the value of the remaining \$5,000 in EdTech funds could be returned as professional development, networking, or software accessible to all students and teachers in the school. The District Technology Coordinator, School Technology Coordinator and federal program coordinator should collaborate to identify how the "value" will be returned before the funds are used as a source of match.
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Qualifying Federal Fund Expenditures as Match

Expenditures made with federal dollars that can qualify as KETS match are limited to expenditures for products and services that would be eligible for expenditure directly from the technology account, or Fund 162X. Such expenditures must meet KETS technology and product standards and must not result in deployment that would exceed the unmet need for any line item(s).

Before an expenditure of federal funds is made which the district has identified as a potential source of KETS match, the district must secure sign-off from the KETS Engineer (KE) as follows:

Step 1.	Complete "Proposed Federal Fund Expenditure as Local KETS Match." Using this Excel spreadsheet, provide the information requested for each purchase.
Step 2.	Email the completed form to the KE. The KE may require copies of each Purchase Order referenced.
Step 3.	The KE will take action on each line item, indicating that it is Approved for KETS match or Not Approved. The KE will include a brief explanation, as a cell note, for all items rejected.
Step 4.	The KE will return the completed form to the district technology coordinator and will copy the Office of Education Technology.
Step 5.	After KE approval is received, the district may execute the purchase.

Districts are cautioned against executing proposed purchases that are potential sources of match until KE approval has been received. Match credit may be lost if purchases are made before approval is received.

Districts should note that the KE is not approving local purchases; the KE is qualifying potential purchases as eligible for KETS match. The fact that the KE does not approve a line item for match purposes does not mean that the product or service cannot be ordered; it simply means that no match credit will be given.

Securing Match for KE-Approved Purchases

- The School Facilities Construction Commission will receive and process district requests for match credit against approved federal fund. The Office of Education Technology will certify such expenditures to the SFCC based on requests submitted.

To process a request for match:

Step 1.	<p>The District Finance Officer submits a request for match against actual expenditures to:</p> <div style="border: 1px solid black; padding: 5px; margin-top: 10px;"> <p>Kim Duvall Office of Education Technology 15 Fountain Place Frankfort, Ky. 40601</p> </div>
Step 2.	This correspondence must be on district letterhead and signed by the Finance Officer. The request must specify the total match requested and equal the amount shown on the approved "Proposed Federal Fund Expenditure as Local KETS Match" form. The district must certify that the purchases listed have been made as proposed to and approved by the KE.
Step 3.	The Office of Education Technology will verify the expenditures against proposed match approvals and will certify the match amount to the School Facilities Construction Commission.
Step 4.	The SFCC will issue the district an Offer for the approved amount.

How to Record the Expenditures of Federal Funds Approved KETS Match

In order to record a match for expenditures approved for KETS match, districts must do the following (see *MUNIS Newsletter*, November 1998, Issue No. 10):

Step 1.	Identify federal grants with specific technology expenditures that will qualify for federal match.
Step 2.	Set up sub-project with the major project to record these specific technology expenditures.
Step 3.	Move the budget for these expenditures and the related revenue to keep the new project in balance.
Step 4.	When reporting, request a project budget report by major program.

Assistance with this process is available from your Division of Finance Field Staff representative. If you are unsure of who that is, contact Gary Billiter (502) 564-3846.

USING RESTRICTED FUNDS AS A SOURCE OF KETS MATCH

Other restricted funds, such as construction accounts, may be used as a source of KETS match under certain conditions:

- The expenditures claimed as match are limited to those which reduce the unmet need in both KETS and the program providing the match, such as building construction; and,
- The expenditures claimed as match will not result in a purchase which will exceed the unmet need in either program.

Restricted funds being used as match are not to be transferred to Fund 162X. To use restricted funds as match, follow the procedures for federal funds.

For construction projects, those components eligible for match are:

1. Category 5 (not Category 3) UTP cable for voice and data
2. Fiber cable
3. RG6/RG59 video cable
4. Support structure items like the raceways, cable trays, conduit, ladders, J-Hooks, molding, and O-Rings for the data, voice and video cable
5. End connectors and faceplates for the data, voice and video cable
6. Main and intermediate distribution components (MDF and IDF) like connect blocks, patch panels, patch cables, cable labels, data network racks
7. Voice video and data design, installation and testing labor costs when following the requirements of the KETS Building and Wiring Checklist Explanation document (this includes project management costs for the voice video and data design and installation)
8. Phone systems like full PBX, key or hybrid system (includes handset devices as well)

[The portions of the cable, support structure, connectors, faceplates, MDF, IDF, design, installation and testing for anything electric power related is not eligible for match. Mechanical, Thermodynamic (Heating and Cooling) and Structural parts and labor (e.g., walls, support beams) are not eligible as well.]

To secure approval to use local construction funds as KETS match, the district will need to request that the firm(s) doing the work break out the eligible components being requested for match credit among the 8 categories above in a way that can be easily understood. For example, the costs for the data, voice and video parts and labor must be clearly separated from those for the rest of the building (e.g., Electrical, Structural, Mechanical, Thermodynamic).

SFCC funds expended from the SFCC account for data, voice and video parts and labor are not eligible for a match.

Investment earnings on the local construction account are eligible for match if not otherwise committed. Consult the Division of Finance field staff for more information.

Construction funds may be used as match only after one of the following has occurred:

1. The contract has been executed if cash payments are being made; or
2. Bonds have been sold.

For construction projects this policy applies to:

1. For previously obligated projects, only those eligible expenditures made on or after July 1, 1998; and,
2. All eligible expenditures on projects obligated on or after July 1, 1998.

The fact that expenditures from a restricted fund, such as a construction account, may now qualify as KETS match does not alter the eligible use of the restricted fund. Governing program provisions remain intact.

CONTACTS:

1. Assistance with the MUNIS aspects of these policies is available from your Division of Finance Field Staff representative.

2. For assistance with the offers process and escrow provisions, contact Dr. Robert Tarvin, School Facilities Construction Commission, 502-564-5582
3. Assistance with issues related to the Kentucky Education Technology System is available from your KETS Engineer.